

Relations industrielles Industrial Relations



Extension and Feasibility of the Woods Report to the Developing Countries Le Rapport Woods et les pays en voie de développement

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Volume 26, numéro 3, 1971

URI : <https://id.erudit.org/iderudit/028244ar>

DOI : <https://doi.org/10.7202/028244ar>

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Éditeur(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (imprimé)

1703-8138 (numérique)

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Citer cet article

Hameed, S. M. (1971). Extension and Feasibility of the Woods Report to the Developing Countries. *Relations industrielles / Industrial Relations*, 26(3), 575–591. <https://doi.org/10.7202/028244ar>

Résumé de l'article

Subventionné par le Conseil des Arts du Canada, nous avons entrepris un examen détaillé des différents rapports soumis à l'Équipe spécialisée en relations du travail. À cette occasion, nous avons contacté plusieurs des auteurs de ces études afin de voir dans quelle mesure les résultats obtenus pouvaient s'appliquer au cas des pays en voie de développement.

L'Équipe spécialisée a entrepris 73 recherches sur différents aspects des relations industrielles au Canada. Nous n'avons pu en obtenir que 28 pour notre propre recherche, les autres n'étant pas encore disponibles au moment de notre étude. Cependant, ceci était amplement suffisant pour répondre au but que nous nous étions fixé, même s'il y avait deux études pertinentes celles de Lorenstein et de Brown, que nous n'avons pas pu obtenir. En utilisant le critère « d'exportabilité » développé par le professeur Mayers, nous n'avions alors qu'à concentrer notre attention sur les études portant sur le côté patronal. Cependant l'Équipe spécialisée ne commanda que deux recherches en ce domaine. Plusieurs études, pertinentes seulement pour le Canada, ne contenaient aucun élément « d'exportabilité ». Citons les cas des recherches sur le mouvement syndical canadien, sur le processus de la négociation collective et le grand nombre d'études de cas réalisées partout sur de nombreuses industries canadiennes. Conséquemment, notre cadre conceptuel nous a donné à retenir seulement 4 études (celles de Arthurs, Dion, Isaac et Malles) et certaines recommandations de l'Équipe spécialisée telles celles qui proposent l'établissement de la Commission des conflits d'intérêts dans le secteur public.

UNE COMPARAISON INTERNATIONALE

Plusieurs pays en voie de développement en Asie du Sud, en Asie du Sud-Est et en Amérique Latine sont parvenus au stade du départ tel que défini par Rostow. Mais leurs institutions non-économiques et leurs systèmes de valeur quant à l'intervention gouvernementale en matière de relations de travail accusent un certain retard sur la croissance du système économique. Les syndicats sont encore prohibés ; la négociation collective a un impact relativement limité et le droit de grève est prohibé dans un grand nombre d'industries dites essentielles. On ignore le rôle positif du syndicalisme, de la négociation collective et des grèves. Dans le choix des techniques de règlement des conflits dans ces pays, on cherche systématiquement à maximiser la paix industrielle : ce qui a comme sous-produit de tendre à réduire les libertés des individus et des groupes. L'atteinte par ce pays d'une épargne approximativement égale à 10% du produit national brut exige le développement d'un système de valeur et d'institutions compatibles avec cette croissance économique. La satisfaction des besoins primaires de nourriture et de logement font apparaître des besoins supérieurs tels les libertés individuelles, la protection de la propriété et le respect de soi-même. L'insatisfaction de ces besoins entraîne une frustration chez les individus et les groupes qui se traduit en différentes sortes de protestations politiques et en violence. Voici donc une des raisons de l'instabilité politique de nombreux pays en voie de développement.

En plus de connaître différents régimes de démocratie politique et de capitalisme, le Canada, l'Australie et la Suède accordent une importance différente aux coûts économiques et sociaux reliés aux arrêts de travail dans chacun de ces pays. L'improvisation dans le domaine juridique et des preuves marquées d'imagination ont équipé ces pays d'assortiments différents de techniques de règlement de conflits. De façon similaire, le Pakistan, caractérisé par l'absence relative de valeur démocratique, par un système de production contrôlé par l'État et par un grand nombre de grèves dites politiques, a édicté en 1959 une ordonnance sur les conflits du travail qui réduit ces conflits de façon drastique par des mesures strictes d'interventions gouvernementales définies dans l'ordonnance. Il devient alors évident qu'une corrélation hautement positive existe entre le système de valeur et les politiques d'intervention gouvernementale. Mais les valeurs ne changent pas aussi vite que le système économique. D'un autre côté, la croissance économique exige des changements dans les techniques de règlement de conflits. Un choix judicieux de ces techniques (encore plus important lorsqu'elles sont importées) contribuera grandement à réduire l'écart institutionnel au plus grand bénéfice de la société concernée. Nous croyons que la formule de la grève sans-arrêt-de-travail et la Commission des conflits d'intérêt public sont le genre d'innovation sociale que les pays en voie de développement tels que le Pakistan, peuvent expérimenter sans crainte.

CONCLUSION

Il semble que les systèmes de relations industrielles partout dans le monde de façon générale et en particulier dans les pays en voie de développement ont accusé un retard sur le développement des systèmes économiques de ces pays au cours de la période qui a suivi la seconde guerre mondiale. La diffusion du progrès technologique, l'aide étrangère et les investissements dans les pays en voie de développement rend de plus en plus nécessaire le besoin d'emprunter des idées en matière de législation. Si le changement dans les politiques d'interventions gouvernementales et dans les techniques de règlement des conflits est le résultat de l'emprunt technologique, l'écart de temps avec les autres variables à l'intérieur du système serait énorme. Conséquemment, le système de relations industrielles sera perpétuellement en retard sur le système économique.

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Extension and Feasibility of the Woods Report to the Developing Countries

Syed M. A. Hameed

This paper attempts to evaluate the adequacy of the theoretical model used in the Woods Task Force Report, explores the possibility of its extension to the analysis of the comparative industrial relations systems and examines the feasibility of exporting certain elements of the Canadian industrial relations system to the developing countries.

The pace of industrial development around the world, during the past three decades, has not produced comparable change in the industrial relations systems. Consequently, in the midst of strikes and growing dissatisfaction with the collective bargaining process, affected countries are planning to introduce reform measures. In Britain, Edward Heath's conservative government intends to put before the Parliament, such measures as a 60-day cooling off period in essential industries, make collective bargaining provisions legally binding on the parties, outlaw closed shop arrangements, and prescribe penalties against unions which defy court orders. Another industrial country, New Zealand, has been wracked by serious strikes and the government has been accused of failing to bring industrial relations system in line with the age of technology. Somewhat similar circumstance in Canada, led to the establishment of the Task Force on Labour Relations which has produced valuable research and policy recommendations.

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* This paper is the first product of a research study under a Canada Council grant to examine the extension and feasibility of the Canadian Task Force research on labour relations to developing countries. I am indebted to Gary Ford and Deidre Hamstead for their research assistance.

The purpose of this paper is to evaluate the feasibility of the Woods Report to the developing countries, in a conceptual and normative framework. In other words, it will attempt to : (1) evaluate the adequacy of the theoretical model used in the Woods Task Force report ; (2) explore the possibility of its extension to the analysis of the comparative industrial relations systems ; and (3) examine the feasibility of exporting certain elements of the Canadian industrial relations system to the developing countries ¹.

Adequacy of the Theoretical Model of the Woods Task Force

There seems to be a close parallel between the state of economic development theories and the model used by the Woods Report. For instance, the explanation of economic growth is somewhat obfuscated by the multiplicity of explanatory variables used in the development theories. By emphasizing one or two variables as key initiators of the growth process, individual theorists lent simplicity and operationalism but sacrificed the prospects of a general theory. For instance, Hittington emphasized natural resources ; Schumpeter, innovating entrepreneurs ; Thorstein Veblen, virtue of a disciplined and enterprising people ; Nurkse, Harrod and Domar, Capital formation ; Hagen, social capacity ; Milton Friedman and Kindleberger, free market system ².

¹ Various aspects of the Task Force Report and related research have received criticism and praise in recent months. *Relations Industrielles* published selected articles in 1970, (Vol. 25, no 1). One of them commented that « Little note is taken in the Report of the outcome of the state of comparative literature on industrial relations systems of the world which appeared in the fifties ». (See J.T. MONTAGUE, « The Task Force Report »). I intend to deal with this question from a theoretical and a normative angle in this paper.

² See Howard S. ELLIS, « Accelerated Investment as a Force in Economic Development », *The Quarterly Journal of Economics*, Vol. LXXII, November 1958, No. 4, p. 485. For general theoretical development see also Adolph LOWE, « Structural Analysis of Real Capital Formation » and W. W. ROSTOW, « Some General Reflexions on Capital Formation and Economic Growth » in *Conference of the Universities - National Bureau Committee for Economic Research, Capital Formation and Economic Growth* (Princeton, N.J. : Princeton University Press, 1955), pp. 581-667 ; Moses ABRAMOVITZ, « Economics of Growth », in *A Survey of Contemporary Economics* (Homewood, Ill. : Richard D. IRWIN, 1952) ; and B. S. KEINSTEAD, *The Theory of Economic Change* (Toronto : Macmillan Company of Canada, 1948).

A summation of all these factors under the rubric of a simple conceptual framework may produce a unified theory of economic development, but it is highly improbable if it will remain operational and verifiable.

For examining and explaining the internal workings of the Canadian industrial relations system, the Task Force on Labour Relations, used a theoretical model which duplicated the problem outlined above. It employed six environmental factors as explanatory variables. In essence, they encompass all those factors which economists, from Schumpeter to Friedman, emphasized in their explanation of the process of economic growth. Such an approach has the merits of a unified theory but also the encumbrances of obscurity and non-operationalism.

Through an inter-dependency model where the lines of causality in a schematic presentation flow in either direction, the Task Force attempts to explain the interaction among the affected parties, the mechanisms and results of interaction. There are at least three inadequacies in this approach : (1) The environmental factors (ecological, economic, social, cultural, political, constitutional, and legal systems) virtually include everything under the sun that might affect the industrial relations system. It approximates the requirements of a general theory but in the process becomes a non-theory ; in attempting to explain everything, it explains nothing specifically. For example, every time there is a work stoppage, it could be blamed on all the six environmental factors, eight affected parties and the interaction processes. How has the theory helped us ? The explanatory factors are so numerous and diffused that nothing can be said with any degree of confidence about the causes of the occurrence of a strike or its future incidence. This is not to suggest that the conceptual constructs used by the Task Force do not constitute a theory. It simply indicates that the scientific potency of this theory is very low because the range of facts that need to be fed into it is much larger than what it *actually* explains. In other words, fewer and operational variables increase the potency and quality of a theory by increasing its explanatory power. If, for instance, prices were to be explained not simply through quantity of money, its velocity and volume of transactions, but a host of additional factors, the theory will become more defensible but less potent. Similarly, if the process of economic growth were to be explained exclusively in terms of capital formation, wages in terms of the marginal productivity of labour, consumer and management behavior in terms of profit and

utility maximization, respectively, rather than a number of additional variables, we would certainly have broad based theories and they would considerably reduce our understanding of the causal phenomenon and consequently our ability to take precautions and apply remedial measures. A scientific enterprise must be a quest for genuine invariants, fewer in number, to explain a wide range of industrial relations characteristics and their present and probabalistic changes, such as the incidence of strikes, collective agreement provisions and labour standards. On the contrary, the Task Force model seems to employ innumerable and unspecified variables which are implicit in the six environmental systems.

(2) The Task Force Report does not define a system ; John T. Dunlop in his book *Industrial Relations Systems* defines it in a Parsonian tradition³, as an interaction between two or more actors, but does not include ecology as a system. The dictionary meaning of the word ecology is « the science of the relationships between organisms and their environments ». How important or significant an addition is it to the Dunlopian environmental scheme ? I feel it is not ; it merely constitutes another example of the multiplicity of the exploratory variables. The Report has dismissed it cursorily, summarizing it in two paragraphs which discuss it under political, economic and social environment. Rightfully, that is what it is : part of the economic production constraint. « The climate, physical proportions and natural resources »⁴, are clearly part of the economic system but to give them an independant conceptual standing tends to obscure the model.

(3) The framework is considered « dynamic » as it purports to examine the influence of the environmental factors on the concerned parties, their interaction and the results which ultimately feed back into the system. I feel that two very significant dimensions of this process are missing which render the model less dynamic.

³ PARSONS and SMELSER define a social system as « ... the system generated by any process of *interaction*, on the socio-cultural level, between two or more actors. The actor is either a concrete human individual (a person) or a collectivity of which a plurality of persons are members ». See Talcott PARSONS and Neil J. SMELSER, *Economy and Society, A Study in the Integration of Economy and Social Theory*, (London : Routledge and Kegan Paul, 1956).

⁴ *Canadian Industrial Relations, The Report of the Task Force on Labour Relations*, the Queen's Printer, 1969, p. 14.

a) Institutional compatibility : The model *per se* and its application throughout the Woods' report are silent on the nature and implications of the interaction among the environmental systems. For example, there is no conceptual or empirical statement concerning the effects of technological change on the social, cultural, or legal system, or vice versa. It is conceivable or perhaps also a common observance that all the environmental systems may develop simultaneously or harmoniously. Whenever a new social or economic phenomenon emerges as a disruptive force, legal, political, or even constitutional systems endeavour to incorporate adjustive provisions to cope with the situation. If technological change renders workers unemployed or the increasing use of drug affects the behavior of youth adversely, there would ensue a public debate for corrective legislative measures. On the contrary, if new laws are placed on the statute books, some corrective, individual and institutional behavior may follow ⁵. In short, a considerable degree of institutional compatibility may be expected but to assume it as *ceteris paribus* is to mitigate realism as well as dynamism in the model.

b) Institutional lag : Although institutional compatibility may be regarded as a generic social phenomenon, its specific exceptions are too significant to be ignored. A certain environmental system in the Task Force schematic presentation may lag behind others, perhaps as a result of inadequate inter-system borrowing, sagging social innovation at home or a high tariff barrier' against the import of fresh ideas from abroad. This could cause a major disruption in the institutional environment with its implications for the industrial relations system. A dynamic analysis of what happens in an industrial relations system must take cognizance of the institutional lag phenomenon. This is a significant point, formulating the crux of an argument that it is not so much the presence of an institutional environment which matters for a dynamic analysis as it is a 'disequilibrium' or a lag which affects the interaction process and its results. In fact, it could become a potent tool of analysis in a model for comparative industrial relations.

⁵ This statement purports to emphasize the innovative role of the law. In other words, legal system does not always assume a corrective function, intending to remedy the institutional lag, but in many cases it may create a new legal environment, forcing other systems to achieve a comparable level of institutional compatibility.

Extension of the Task Force Model

The multiplicity of the exploratory factors and the non-recognition of the institutional lag phenomenon are the two most significant factors which reduce the effectiveness of the Task Force model, both for the analysis of the Canadian system and its extension of international industrial relations systems. However, as pointed out earlier, the first element may be considered a positive attribute as it makes the model more defensible or less vulnerable to criticism.

Despite a fair degree of mental trepidation, I am venturing to propose a modification of the Task Force model to suggest a change in its emphasis rather than in the fundamental postulates.

INSTITUTIONAL ENVIRONMENT

The concept of using an environment, comprising of a number of systems, is a useful launching pad. Each system comprises of individuals and groups who interact among themselves for the attainment of specific goals. Depending upon the nature of goal orientation, structure of values, achievement motivation, etc., a system will establish its scale and pattern of growth.

INTER-SYSTEM BORROWING

Participants in these systems may be identified by various denominations such as consumers, producers, employers, employees, voters, legislators, judges, clergy and others. These individuals may interact within and across the boundaries of the systems and, in fact, the same individuals may play different roles in different systems. This process ensures an inter-system borrowing of ideas and resources which produce, to an extent, circumstances for an equalization of the growth process.

ALTERNATIVE MEASURES

If the systems cannot achieve an equilibrium through an inter-system borrowing, there are two alternatives :

- Borrowing of ideas and resources (technical knowhow, capital, legislative provisions, immigrants, etc.) from abroad ; and,

- Government intervention measures with an aim to reallocate resources to restore institutional compatibility.

Further analysis of these points is important in extending the Task Force model for comparing the international industrial relations systems.

Borrowing from Abroad

Historically, Canada, like most countries in the world, has developed its institutions through international borrowing and indigenous social innovations. Her economic, legal, political, social and constitutional systems reflect such borrowings in large measure. The industrial relations system is no exception. The development of legislation on labour-management relations at the federal level (and in a majority of provinces) reflects foreign legislative influences in each enactment and order-in-council since the very first law in 1872. Trade Union and Criminal Law Amendments Act (1872) was patterned after the British Trade Unions Act (1871) ; Conciliation Act (1900) borrowed from the United Kingdom Conciliation Act (1896) ; the Industrial Dispute Investigation Act (1907) combined legislative provisions from the British and American laws ; and the Industrial Relations and Dispute Investigation Act (1948) was influenced by the American Wagner Act (1935). However, in their analysis of the contemporary industrial relations system, the Task Force conveys an impression that there is nothing worth borrowing from abroad ; they would much rather rely on indigenous innovation which forms the crux of their recommendations. Neither their schematic presentation nor the contemporary analysis of the Canadian institutions explains why borrowing from abroad has become inappropriate when the entire history of legislation on labour-management relations has depended on foreign borrowing. However, within the modified framework developed in this paper, it is possible (though not defensible) to explain the logical consistency in this decision. First, the rash of strikes and growing public mistrust of the collective bargaining process in Canada in recent years is symptomatic of an institutional lag where industrial relations system has failed to keep pace with the development in other systems. Hence, the establishment of the Task Force on Labour Relations. Secondly, an inter-system borrowing, over the years to establish an institutional compatibility, has not taken place due to some obstructions in the 'osmosis' process. The Task Force has not investigated the causes of breakdown in a process which 'ought to be' autonomous and self-adjusting. Thirdly, to restore balance or compatibi-

lity, legislative ideas can be borrowed from abroad or indigenous techniques may be developed. The Task Force has relied on the latter which consists of a large array of recommendations, including a change in the government intervention policy ⁶.

Government Intervention Policy

In the dynamic process of institutional growth and change, there might develop an inter-system conflict of goals and values. For instance, economic goals of price stability may be thwarted by inflationary wage settlements, or democratic values of freedom, particularly freedom to strike in essential industries, may cause excessive inconvenience to the public. There might also develop a power imbalance among the actors of competing systems. Some of these are inherent institutional problems but others are indicative of an institutional lag. In the latter case, somewhat reluctantly, the government intervenes through administrative, judicial or legislative measures. The degree of reluctance or the mode of intervention in labour disputes determines the process and outcome of labour, management and public interaction. For instance, in the Canadian industrial relations system, government intervention takes three different forms : (1) At the time of certification, it imposes a democratic solution and recognizes a bargaining agent on the majority principle. (2) At the time of negotiations, the solution is not compulsory but a series of procedural steps such as a postponement of strike or lock-out during compulsory conciliation, a no-strike period following termination of conciliation and a strike vote must be observed. (3) During a prolonged strike or a strike in « essential » industries, the government may invoke emergency dispute settlement measures. These intervention measures are unique to the Canadian system and indeed, by reflecting the liberal democratic philosophy and the values of free enterprise economy, make it what it is. The last intervention measure is particularly sensitive to any change in these basic values of the Canadian society. Intervention measures of this kind, due to their sensitivity to the fundamental value structure in a given society, may, therefore, quite logically, serve as comparative criteria in international labour relations.

Technology and bureaucracy are, no doubt, useful criteria for comparing economic and social systems around the world. Industrial relations

⁶ There is evidence in the Task Force Report that foreign experience has helped the members in their deliberations. For example, see pages 127, 189 and 191.

experts have also generally relied on the same set of criteria to compare industrial relations systems in different countries.⁷ The level of technological development, in conjunction with the other environmental systems (social, political and legal), is considered a significant and differentiating parameter in determining the relationship among labour, management and government.

Without denying the validity of these criteria, the government intervention policies deserve centrality for two reasons: (1) Theoretically, they can serve as a viable index of the labour maturity, management development and fundamental social, economic and political values in the society. (2) Their variations characterize and to a large extent determine the nature of labour, management and public interaction, with overwhelming policy implications.

Exportability of Certain Elements of the Canadian IR System

Government intervention in labour disputes may take various forms, such as conciliation, mediation, non-binding arbitration, voluntary binding arbitration, compulsory arbitration, fact-finding, and *ad hoc* procedures. In a given industrial relations system, it is the prevalence of one or the other form of intervention which broadly determines its characteristics. Canada's compulsory conciliation, Australia's compulsory arbitration and Pakistan's tri-partite industrial courts, for instance, distinguish these systems from one another on the basis of the mode of governmental intervention. By comparison, technology and bureaucracy are relatively less effective criteria in comparative industrial relations systems.

Given such differences among various industrial relations systems, especially between the developed and the developing countries, can any of the Task Force recommendations be feasible for other systems? To explore this question, two of my research associates and I did an extensive survey of various reports commissioned by the Task Force⁸. We also

⁷ Kerr *et al.* have used industrializing elites and their strategies in the process of technological development as comparative criteria in the shaping of the industrial relations systems.

⁸ We are particularly grateful to William A. WESTLEY, Gordon W. BERTRAM, H. W. ARTHURS, Gerard DION, E. F. BEACH, G. E. EATON, J. T. MONTAGUE, Stuart JAMIESON, Pierre VERGE, Felix QUINET, Ruby SAMLALSINGH, Jack CHERNICLE for responding to our enquiry and giving us the benefit of their valuable opinion.

corresponded with the authors of a number of these reports to assess the feasibility and relevance of their research for developing countries. The findings of our survey and the responses we received were broadly in agreement, although with notable exceptions. They may be summarized as follows :

Social anthropologists and industrial relations experts have long recognized the uniqueness of institutional development in different countries of the world. They stress the difficulties in attempting to export parts of one system to another.

Without denying the validity of such assertions, Charles A. Myers has developed a very convincing case in favour of exporting « some elements » of the American industrial relations system.⁹ We tend to agree with this position rather than the one suggested by some of our respondents who strongly feel that nothing can be exported from the Canadian industrial relations system. An important difference between Professor Myers and our position is that we add government intervention policy to his list of exportable elements which include human relations and personnel practices of the American management, union leadership development programs, social security system and techniques of collecting labour and manpower statistics. The reasons for doing so are explicit in our proposed modification of the conceptual framework used by the Task Force. Furthermore, this departure seems to be reinforced in a limited sense as Professor Woods, discussing the Canadian policy experiments with public-interest disputes, has hinted at the possibility of learning from the U.S. government's intervention policies.¹⁰

We feel that ideas for re-structuring of institutions, like industrialization and technical know-how, spread to the developing countries through

⁹ Charles A. MYERS, « The American System of Industrial Relations : Is it Exportable ? » *IRRA* proceedings, 1962. Also, according to Justice Nathan T. NEMETZ, « The Swedish system of labour law and practice cannot be applied in its entirety to Canadian conditions, but this does not mean that we cannot profit by Sweden's experience ». See *Labour Gazette*, July, 1968.

¹⁰ I hope I am not reading too much into Professor Woods concluding remarks when he writes : « As our ex-President, Charles MYERS, has told us, there is much in industrial relations systems that is not exportable. Nevertheless, our two economies and our system of industrial relations are sufficiently similar and even interlocked to an extent that makes comparison useful ». See H. D. WOODS, « Canadian Policy Experiments with Public-Interest Disputes », *IRRA*, Spring Meeting Proceedings, May 1963.

diffusion rather than independent social innovation and indigenous research. Historically, expansion of markets and colonialism were the means of diffusion. Contemporaneously, mass media and international agencies (such as the ILO, FAO, UNESCO and the others) perform part of this function.

The Task Force undertook 73 studies on various aspects of Canadian industrial relations. We could obtain only 28 studies for our survey ; the remainder, at various stages of processing and printing, were not available. For our purpose this survey was much wider than what we needed to undertake, although there were two other studies which were quite relevant yet unavailable.¹¹ Using Professor Myers criterion of exportability we only needed to concentrate on management studies but unfortunately the Task Force commissioned only two studies in this area. The labour movement studies and studies of collective bargaining process and results as well as a large number of special studies on individual industries, being highly involved with the unique Canadian problems, contained virtually no elements of exportability. Consequently, in line with our conceptual emphasis on government intervention policies, we narrowed our focus to only four studies¹² and certain selected Task Force recommendations, such as the proposed establishment of the Public Interest Disputes Commission (PIDC).

An International Comparison

A large number of developing countries in South Asia, Southeast Asia and Latin America have already entered the Rostowian take-off stage.¹³ But their non-economic institutions and their value structure as it relates to government intervention policy in labour relations, are lagging behind their growth in economic system. Unions are still suppressed ; the incidence of collective bargaining is fairly limited and the right to strike does not exist in a large number of « essential industries ». The positive role of unionism, collective bargaining and strikes in institutionalizing protest and ventilating pent-up frustration of the growing industrial work

¹¹ LORENTSEN, Edith, *Public Policy and Labour Legislation – An Historical Review* and BROWN, Donald J.M., *Compulsory Arbitration*.

¹² (1) ARTHURS, Harry W., *Essential Industry Disputes Settlement Techniques*. (2) DION, Gérard, *Statutory Strikes* and « The Statutory Strike Formula », *Relations Industrielles*, April, 1969. (3) ISAAC, J. E., *Compulsory Arbitration in Australia*. (4) MALLES, P., *Trends in Industrial Relations Systems of Continental Europe*.

force is ignored. The selection of dispute settlement techniques in these countries is biased toward maximizing industrial peace which tends to reduce individual and group freedom. Having attained a saving of approximately ten per cent of the GNP, these countries need to develop compatible institutions and value structure. As the basic human needs of food and shelter are satisfied, needs of higher order, such as, individual liberties, protection of property and self-respect seek their satisfaction. If such needs are devised, individual and group frustration finds its expression in varying degrees of political protest and violence. Part of the reason for political instability in the developing countries may be attributed to this factor.

The suppression of unions and harsher government intervention measures, in our conceptual scheme, represent an institutional lag in the developing countries. Unions, after a certain level of economic growth, become an asset in developing a committed work force. They help the management in their recruitment, training and discipline programs. On a national scale, they become a training ground for administrators and political leaders. They often become the champions of socio-economic change by drawing public attention to the need for land reform, social legislation and equitable taxation system.

How can this institutional lag be corrected? A certain degree of correction, as pointed out earlier, is inherent in the process of inter-system borrowing. The developing nations may continue to neglect a conscious development of the industrial relations system but given sufficiently long span of time, changes in the economic system may bring about a change in their value structure and a consequent change in their governmental intervention policies or dispute settlement techniques. According to Harry Arthurs, the relative significance of the following social objectives or values, determine the use of dispute settlement techniques.¹⁴

¹³ It stands to reason that unions up to and including the take-off stage may be controlled or even suppressed, in the interest of economic growth. But subsequently, basic needs of food and shelter having been satisfied, needs of higher order, including the need for freedom of association and strike, must be restored. See W.W. ROSTON, *The Stages of Economic Growth*, (Cambridge: The Cambridge University Press, 1967) and Paul FISHER, « The Economic Role of Unions in Less-Developed Areas », *IRRA* Spring Proceedings 1961. Everett M. KASSALOW, « Labor in Development: A Critique of Some Current Concepts », *IRRA* Annual Proceedings 1969.

¹⁴ Harry W. ARTHURS, *op. cit.*

- a) freedom of economic action
- b) industrial peace
- c) protection of life, health, safety and national security
- d) protection of the quality of community life
- e) minimizing economic losses for non-combatants ; and
- f) rational allocation of scarce social resources.

Whether a government intervenes in a given strike, promptly or after a certain period of time, depends upon an interplay of the above values and the meaning they lend to such crucial concepts as « protection of individual or group freedom » and « essential industries ». ¹⁵ In Canada, for instance, the freedom of unions to strike is denied in such essential services as firemen and policemen. Government intervention is very active in other areas including education and transportation. On the other hand, « there are few forms of collective economic action which *per se* are forbidden under Swedish law and agreement » ¹⁶. Yet another interesting case is found in the Australian legal structure where paradoxically, the law prohibits the use of strike but there is a high incidence of illegal strikes which are not effectively penalized by the courts. ¹⁷ Perhaps one of the extreme cases on the far corner of this continuum is that of Pakistan which repealed the Industrial Disputes Act (1947) in 1958 and decreed a harsher government intervention policy through the Industrial Disputes Ordinance (1959). The new ordinance replaced the *ad hoc* compulsory arbitration tribunals with permanent tripartite industrial courts. The chairmen of these courts are appointed by the government. They are not bound by the advice of the labour and management representatives on the bench and have only an advisory status. Awards of these courts remain in force for one year and may be renewed for another two years. The courts have jurisdiction over both interest and right disputes and may also change the terms of contract. This is a clear case of institutional lag as Pakistan attained the take-off stage during its Second Five Year Plan (1960-65), investing upto 17 per cent of GNP which resulted in accelerated growth of close to 6 per cent per annum. But the severity of government intervention measures in the industrial relations system continues.

¹⁵ S. HAMEED, *A. Theory of Strike Cost and Government Intervention Policy*, (Mimeographed).

¹⁶ P. MALLES, *op. cit.*

¹⁷ *Ibid*, pp. 17 and 23.

What is common to all these countries is a desire to eliminate or minimize industrial conflicts. In Canada, public interest disputes in particular and others in general are considered undesirable because of the economic and social costs of work stoppage. But at the same time, the institution of free collective bargaining embedded in the values of political democracy and welfare capitalism, is very well protected. A delicate trade-off between the social and economic costs on the one hand and politico-economic right to strike, on the other, influences government intervention policies. In other words, Canada, Australia and Sweden have different shades of political democracy and welfare capitalism as well as some variation in the social and economic costs associated with work stoppage in their respective countries. Accordingly, legal improvisation, mixed with occasional ingenuity, has provided different assortment of dispute settlement techniques in these countries. Similarly, Pakistan with no entrenched democratic values, predominantly state-initiated system of production and frequent politically motivated strikes, issued the Industrial Disputes Ordinance (1959) which drastically reduced industrial disputes through strict government intervention measures contained in this Ordinance. Thus, it becomes evident that a high degree of correlation exists between value structure and government intervention policies. But values do not change as readily as changes in the economic system. On the other hand, conditions of economic growth require changes in the techniques of dispute settlement. If these techniques are judiciously selected to avoid a direct clash with the indigenous values when imported will help solve the problem of institutional lag to the great benefit of the society concerned. I feel that the statutory strike formula¹⁸ and the Public Interest Dispute Commission¹⁹ are the kind of social innovations which may be safely experimented with in the developing countries, particularly in Pakistan.

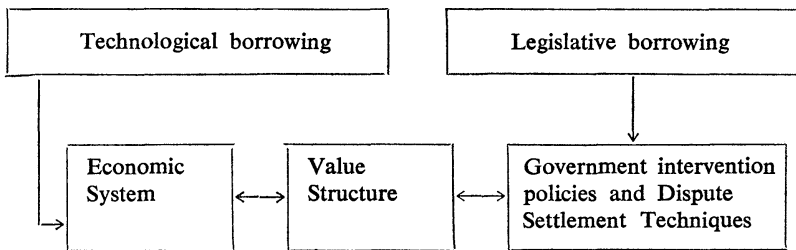
Conclusion

It appears that industrial relations systems around the world, in general, and in the developing countries, in particular, have lagged behind the post World War II development in the economic systems of these countries. With the diffusion of technological processes, foreign aid and investment in the developing countries, the need for simultaneously borrowing legislative ideas is becoming increasingly great. If the government

¹⁸ Gérard DION, *op. cit.*

¹⁹ The Task Force on Labour Relations, *op. cit.*

CHART I



intervention policies and dispute settlement techniques are allowed to change only as a result of technological borrowing (see chart above) the time gap, on account of the intervening variables, would be enormous. Consequently, the industrial relations system will be perpetually lagging behind the economic system²⁰. Consider, for instance, the following factors in the context of developing countries : (1) Government responsibility in matters of economic development ; (2) Recognition and concern to protect public or consumer interest, especially during extended labour dispute ; (3) Freedom of the workers to strike. The first factor is very strongly accepted as it is a direct concomitant of the technological borrowing process. Likewise, there is no difficulty in endorsing the second factor as it is complementary to the goals of economic development. The difficulty arises in attempting to implement the third factor which threatens to erode the first two.

The resolution of this dilemma is possible along these lines : (1) Borrowing legislative ideas from the Western countries which have had long experience with the freedom of workers to strike. (2) Making a clear distinction between public-interest disputes and the disputes where public interest is not jeopardized. (3) Permitting optimum government intervention and the use of innovative techniques such as a statutory strike formula or the establishment of a Public Interest Disputes Commission in the for-

²⁰ I am aware of the fact that technical aid program, both from the Western countries and the Soviet Bloc, have « strings » attached to them. This implies an acceptance and some implementation of political, administrative or militaristic measures which are favorable or antithetical to the democratic and capitalistic values and philosophy. This tends to change the value structure while technology makes its inroads in the economic system.

mer cases and little or not intervention in the latter ones. Quite understandably, the list of industries in the public-interest dispute category will be exceedingly long in the developing countries and may include public utilities such as railways and other means of transportation, water and power works, communications, food supplies, police and firemen and even banking, munitions and primary export industries. Ostensibly, such an approach is far from being revolutionary in its magnitude or immediate effects. But a formal recognition of the right of works to strike in limited segments of the economy will have far reaching effects in democratizing the society at large in line with the developments in the economic system.

LE RAPPORT WOODS ET LES PAYS EN VOIE DE DÉVELOPPEMENT

Subventionné par le Conseil des Arts du Canada, nous avons entrepris un examen détaillé des différents rapports soumis à l'Équipe spécialisée en relations du travail. À cette occasion, nous avons contacté plusieurs des auteurs de ces études afin de voir dans quelle mesure les résultats obtenus pouvaient s'appliquer au cas des pays en voie de développement.

L'Équipe spécialisée a entrepris 73 recherches sur différents aspects des relations industrielles au Canada. Nous n'avons pu en obtenir que 28 pour notre propre recherche, les autres n'étant pas encore disponibles au moment de notre étude. Cependant, ceci était amplement suffisant pour répondre au but que nous nous étions fixé, même s'il y avait deux études pertinentes celles de Lorenstein et de Brown, que nous n'avons pas pu obtenir. En utilisant le critère « d'exportabilité » développé par le professeur Mayers, nous n'avions alors qu'à concentrer notre attention sur les études portant sur le côté patronal. Cependant l'Équipe spécialisée ne commanda que deux recherches en ce domaine. Plusieurs études, pertinentes seulement pour le Canada, ne contenaient aucun élément « d'exportabilité ». Citons les cas des recherches sur le mouvement syndical canadien, sur le processus de la négociation collective et le grand nombre d'études de cas réalisées partout sur de nombreuses industries canadiennes. Conséquemment, notre cadre conceptuel nous a donné à retenir seulement 4 études (celles de Arthurs, Dion, Isaac et Malles) et certaines recommandations de l'Équipe spécialisée telles celles qui proposent l'établissement de la Commission des conflits d'intérêts dans le secteur public.

UNE COMPARAISON INTERNATIONALE

Plusieurs pays en voie de développement en Asie du Sud, en Asie du Sud-Est et en Amérique Latine sont parvenus au stage du départ tel que défini par Rostow. Mais leurs institutions non-économiques et leurs systèmes de valeur quant à l'intervention gouvernementale en matière de relations de travail accuse un certain retard sur la croissance du système économique. Les syndicats sont encore prohibés ; la

négociation collective a un impact relativement limité et le droit de grève est prohibé dans un grand nombre d'industries dites essentielles. On ignore le rôle positif du syndicalisme, de la négociation collective et des grèves. Dans le choix des techniques de règlement des conflits dans ces pays, on cherche systématiquement à maximiser la paix industrielle : ce qui a comme sous-produit de tendre à réduire les libertés des individus et des groupes. L'atteinte par ce pays d'une épargne approximativement égale à 10% du produit national brut exige le développement d'un système de valeur et d'institutions compatibles avec cette croissance économique. La satisfaction des besoins primaires de nourriture et de logement font apparaître des besoins supérieurs tels les libertés individuelles, la protection de la propriété et le respect de soi-même. L'insatisfaction de ces besoins entraîne une frustration chez les individus et les groupes qui se traduit en différentes sortes de protestations politiques et en violence. Voici donc une des raisons de l'instabilité politique de nombreux pays en voie de développement.

En plus de connaître différents régimes de démocratie politique et de capitalisme, le Canada, l'Australie et la Suède accordent une importance différente aux coûts économiques et sociaux reliés aux arrêts de travail dans chacun de ces pays. L'improvisation dans le domaine juridique et des preuves marquées d'imagination ont équipé ces pays d'assortiments différents de techniques de règlement de conflits. De façon similaire, le Pakistan, caractérisé par l'absence relative de valeur démocratique, par un système de production contrôlé par l'État et par un grand nombre de grèves dites politiques, a édicté en 1959 une ordonnance sur les conflits du travail qui réduit ces conflits de façon drastique par des mesures strictes d'interventions gouvernementales définies dans l'ordonnance. Il devient alors évident qu'une corrélation hautement positive existe entre le système de valeur et les politiques d'intervention gouvernementale. Mais les valeurs ne changent pas aussi vite que le système économique. D'un autre côté, la croissance économique exige des changements dans les techniques de règlement de conflits. Un choix judicieux de ces techniques (encore plus important lorsqu'elles sont importées) contribuera grandement à réduire l'écart institutionnel au plus grand bénéfice de la société concernée. Nous croyons que la formule de la grève sans-arrêt-de-travail et la Commission des conflits d'intérêt public sont le genre d'innovation sociale que les pays en voie de développement tels que le Pakistan, peuvent expérimenter sans crainte.

CONCLUSION

Il semble que les systèmes de relations industrielles partout dans le monde de façon générale et en particulier dans les pays en voie de développement ont accusé un retard sur le développement des systèmes économiques de ces pays au cours de la période qui a suivi la seconde guerre mondiale. La diffusion du progrès technologique, l'aide étrangère et les investissements dans les pays en voie de développement rend de plus en plus nécessaire le besoin d'emprunter des idées en matière de législation. Si le changement dans les politiques d'interventions gouvernementales et dans les techniques de règlement des conflits est le résultat de l'emprunt technologique, l'écart de temps avec les autres variables à l'intérieur du système serait énorme. Conséquemment, le système de relations industrielles sera perpétuellement en retard sur le système économique.